

Message Text

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DEPARTMENT PASS LABOR

E.O. LL652: N/A
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SUBJECT: THE FIREMEN (AND OTHERS) AND PAY POLICY

REF: LONDON 19755

SUMMARY: WHILE THE FIREMEN'S STRIKE CONTINUES DESPITE
EFFORTS BY THE GOVERNMENT TO STIMULATE AN AGREEMENT
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THAT WOULD REWARD THE FIREMEN WITH LATER INCREASES
FOR ACCEPTING A SETTLEMENT NOW WITHIN THE PAY GUIDE-
LINES, THERE IS EVIDENCE THAT CIRCUMSTANCES ARE CON-
TINUING TO MOVE IN FAVOR OF THE GOVERNMENT. THE FIRE
BRIGADES UNION (FBU) EXECUTIVE HAS ACCEPTED AN OFFER
AS A BASIS FOR NEGOTIATION, THOUGH THERE IS STILL NO
CLEAR INDICATION OF HOW THE STRIKE WILL BE HALTED. THE

FIREMEN ARE NOW FACED WITH GROWING MILITARY EFFICIENCY IN FIRE FIGHTING AND A FALLING AWAY OF PUBLIC SUPPORT COUPLED WITH CONTINUED REFUSAL OF TUC SUPPORT. THERE APPEARS TO BE NO WEAKENING IN THE RESOLVE OF EITHER GOVERNMENT OR THE UNION IN THEIR BASIC OPPOSITION OVER THE CENTRAL ISSUE. THE EMPLOYERS ARE OFFERING NO MORE THAN 10 PERCENT AND THE FIREMEN ARE STILL DEMANDING 30. ELSEWHERE THE GOVERNMENT IS BECOMING MORE CONFIDENT THAT THE STORMY DAYS OF PAY POLICY ARE NEARING AN END. SETTLEMENTS (AND IMMINENT SETTLEMENTS) IN A NUMBER OF AREAS SUGGEST THAT THE INITIAL CHALLENGE TO THE 10 PERCENT GUIDELINE MAY BE WANING AND THE GOVERNMENT IS CONFIDENTLY HOPING FOR A SOMEWHAT QUIETER PERIOD IN THE NEW YEAR. THOUGH THIS DOES NOT SUGGEST THAT ALL THE PROBLEMS HAVE BEEN RESOLVED, IT HAS ALLOWED MINISTERIAL ATTENTION TO BE DIRECTED TO THE NEEDS OF A FURTHER PERIOD OF CONTROLLED EARNINGS INCREASES DURING THE NEXT WAGE ROUND. MINISTERS ARE HOPEFUL THAT THE ECONOMIC GAINS OF WAGE RESTRAINT WILL HELP THEM IN THEIR TASK OF PERSUADING THE TUC LEADERSHIP TO CO-OPERATE WITH GOVERNMENT EFFORTS TO OBTAIN A REALISTIC LEVEL OF WAGE INCREASES DURING THE 1978-79 WAGE ROUND. THOUGH TRADE UNION REACTION IS LIKELY TO BE UNDERSTANDABLY RETICENT TO ANY SUCH PROPOSALS, MINISTERS ARE PRIVATELY SAYING THEY ARE CONFIDENT THE CURRENT WAGE MODERATION POLICY IS ALMOST THROUGH THE MOST DANGEROUS LIMITED OFFICIAL USE

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PERIOD. THE GOVERNMENT IS SATISFIED THAT ITS GUIDELINE ON WAGE SETTLEMENTS WILL PRODUCE, ALLOWING FOR DRIFT, A RATE OF INCREASE IN EARNINGS THAT IS ACCEPTABLE IN TERMS OF ITS IMPACT ON PRICES AND FUTURE REAL EARNINGS. END SUMMARY.

1. THE FIREMEN'S STRIKE CONTINUES WITH MOVES BY HOME SECRETARY REES AND THE LOCAL AUTHORITY EMPLOYERS OFFERING FIREMEN A SETTLEMENT BASED ON 10 PERCENT NOW, COUPLED WITH FUTURE PAY INCREASES TO BE PHASED IN POSSIBLY IN ANNUAL INCREMENTS. MOREOVER REES INDICATED THE GOVERNMENT WILL CONDONE A NEGOTIATED FORMULA FOR INCREASES THAT WOULD BRING THE FIREMEN'S EARNINGS "IN THE LONGER TERM" INTO LINE WITH THOSE CATEGORIES OF SKILLED MANUAL WORKERS WITH WHOM THEY ARE NOW SEEKING IMMEDIATE COMPARABILITY. THE STATEMENT ALSO RE-AFFIRMED THE GOVERNMENT'S VIEW THAT AN AGREEMENT INVOLVING A REDUCTION IN HOURS WITHOUT LOSS

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OF PAY FOR FIREMEN IS STILL POSSIBLE.

2. REACTION BY THE UNION TO THE INITIATIVE WAS IN-
ITALLY QUIET AND A SENIOR MEMBER OF THE FBU EXECUTIVE
SAID THAT THERE WAS NOTHING NEW IN THE STATEMENT AND
THAT IT DID NOT PRESENT A SUFFICIENT REASON FOR RE-
CALLING A DELEGATE CONFERENCE SEEKING THE TERMINATION
OF THE STRIKE ACTION. THE PROPOSALS WERE PRESENTED TO
REGIONAL COUNCILS OF THE FBU, AND THE OVERALL VOTE
REJECTED THE PACKAGE. THOUGH THERE WAS SOME SUPPORT
MAINLY FROM ELEMENTS IN THE SMALLER RURAL REGIONS THE
LARGER METROPOLITAN BRIGADES OPPOSED THE DEAL BY SIGN-
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IFICANT MAJORITIES. THE MAJOR REASON FOR THE REJEC-

TION IS THAT THE PROPOSAL WILL PRODUCE NO MORE THAN 10 PERCENT IMMEDIATELY. THIS REMAINS THE STUMBLING BLOCK AS FIREMEN MAINTAIN THEIR DEMANDS FOR MORE MONEY NOW AND THE GOVERNMENT SHOWS NO SIGNS OF WEAKENING IN ITS COMMITMENT TO THE 10 PERCENT LIMIT IN THE PUBLIC SECTOR. THE FBU EXECUTIVE HAS, HOWEVER, ANNOUNCED ITS INTENTION TO ACCEPT THE OFFER AS A BASIS FOR NEGOTIATION.

3. TRADES UNION CONGRESS (TUC) SOURCES MAINTAIN THAT THE TUC, BEYOND USING GOOD OFFICES FOR A SETTLEMENT WILL NOT PROVIDE ANY TANGIBLE HELP TO THE FIREMEN, THOUGH THE FBU (WHICH SOME PUBLIC SECTOR UNIONS MAY SUPPORT) INTENDS TO RETURN TO THE TUC TO ASK THE GENERAL COUNCIL FOR SUPPORT. SOME GENERAL COUNCIL MEMBERS STILL STRESS THE NAIVETE AND INEXPERIENCE OF THE STRIKERS WHO ARE STILL UNWILLING TO ACCEPT WHAT IS CONSIDERED AN EXCELLENT OFFER, OR TO RECOGNIZE THE APPARENTLY UNSHAKABLE RESOLVE OF THE GOVERNMENT. THE PUBLIC REACTION TO THE FIREMEN'S STRUGGLE IS NOT BEING HELPED BY THE EFFICIENCY OF MILITARY FIREFIGHTERS (DESPITE GROWING CONCERN FOR THE POOR WAGES AND CONDITIONS OF SERVICEMEN. THAT HAVE BEEN HIGHLIGHTED BY THE DISPUTE) AND THE CONTINUED REDUCTION IN THE NUMBER OF FIRE EMERGENCIES THAT ARE ARISING.

4. WHILE THE FIREMEN CONTINUE TO ATTRACT MOST OF THE ATTENTION ON THE WAGES FRONT, OTHER EVENTS ARE CONTINUING TO MOVE IN FAVOR OF THE GOVERNMENT. A SIGNIFICANT VICTORY WAS SEEN IN THE DECISION OF THE NATIONAL EXECUTIVE COMMITTEE OF THE NATIONAL UNION OF MINeworkers (NUM) TO ALLOW INDIVIDUAL REGIONS OF THE UNION TO NEGOTIATE PRODUCTIVITY DEALS. THIS OVERTURNS THE LIMITED OFFICIAL USE

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NATIONAL BALLOT WHICH REJECTED A NATIONAL PRODUCTIVITY SCHEME, SEEN AT THE TIME AS A VICTORY FOR THE MILITANT LEFT. THE EXECUTIVE DECISION MEANS THAT THE PRESSURES FROM THE MODERATE (AND GENERALLY HIGH PRODUCTIVITY) REGIONS HAS BEEN HEEDDED AND THE MILITANTS INCLUDING ARTHUR SCARGILL (THE YORKSHIRE FIREBRAND) HAVE SUFFERED A REVERSE. ALREADY MINES AT ONE PIT IN SCOTLAND HAVE BEGUN A PROTEST STRIKE TO FORCE THEIR OWN LEFT-WING DOMINATED REGIONAL COUNCIL, TO ALLOW THEM TO NEGOTIATE AN INCENTIVE DEAL. THE SAME MEETING OF THE NUM EXECUTIVE DECIDED TO SUPPORT THE 12 MONTH RULE AND THUS SIGNIFICANTLY REDUCED THE CHANCES OF NATIONAL INDUSTRIAL UNREST IN THE COAL MINES DURING THE WINTER.

5. OTHER MAJOR SETTLEMENTS HAVE BEEN NEGOTIATED COVERING SEAMEN, ELEVATOR ENGINEERS (NATIONWIDE)

AND FARM WORKERS. THE SETTLEMENT COVERING FARM WORKERS EXCEEDED THE 10 PERCENT GUIDELINES IN AS MUCH AS IT WAS LAID DOWN BY A WAGES BOARD (UK STATUTORY MACHINERY FOR ESTABLISHING LEGALLY ENFORCEABLE MINIMUM RATES IN PARTICULAR INDUSTRIES). THOUGH THE GOVERNMENT IS NOT HAPPY WITH THE AGREEMENT, IT IS OF MINIMAL SIGNIFICANCE TO PAY POLICY SINCE THE INCREASE IN STATUTORY MINIMUM RATES WILL APPLY ONLY TO THOSE WORKERS WHO CURRENTLY RECEIVE THE LEGAL MINIMUM. ESTIMATES SUGGEST THAT THIS PROPORTION AMOUNTS TO SOME 10 PERCENT OF THE 110,000 WORKERS WHO ARE COVERED BY THE WAGES BOARD - THE REMAINDER ALREADY RECEIVE RATES ABOVE THE LEGAL MINIMUM.

6. WITH THESE SETTLEMENTS GENERALLY FAVORING THE GOVERNMENT THERE IS A GROWING FEELING AMONG MINISTERS THAT THE GREATEST THREATS TO PAY POLICY ARE PASSING. MINISTERS ARE CONFIDENT THAT A SETTLEMENT WITH 1.1 MILLION LOCAL AUTHORITY MANUALWORKERS WILL BE NEGOTIATED WITHIN THE GUIDELINES IN THE NEAR FUTURE. SUCH AGREEMENT WOULD BE A MAJOR SUCCESS FOR THE GOVERNMENT
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AND WOULD ADD TO THE GROWING PATTERN OF ACCEPTANCE OF

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THE GUIDELINES AMONG OTHER WORK GROUPS. IT WOULD DO MUCH TO BRING MANY GROUPS WHO HAVE POSTPONED THEIR NEGOTIATIONS, TO THE BARGAINING TABLE.

7. IN THE LIGHT OF THESE DEVELOPMENTS MINISTERS HAVE BEEN ADDRESSING THEMSELVES IN PRIVATE (WITH KITE FLYING PRESS LEAKS) TO THE PROBLEMS THAT WILL FOLLOW THE EXPIRATION OF THE CURRENT POLICY IN AUGUST NEXT YEAR. MINISTERS WHILE AVOIDING THE TERMINOLOGY OF A "PHASE IV" ARE SAYING INCOMES POLICY WILL BE REQUIRED. IN PRIVATE CONVERSATIONS THIS HAS RECEIVED A PREDICTABLY COLD RESPONSE FROM SENIOR TRADE UNIONISTS, BUT MINIS-
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TERIAL SOURCES SAY THE GOVERNMENT IN ORDER TO DEVELOP ITS ECONOMIC STRATEGY FOR THE COMING YEAR, WILL HAVE TO CRANK IN A WORKABLE ESTIMATE OF THE DESIRED NATIONAL LEVEL AND STRUCTURE OF EARNINGS (E.G. DIFFERENTIALS, THE TREATMENT OF PUBLIC SECTOR EMPLOYEES) TO PLAN NEXT YEAR'S BUDGETARY MEASURES. MINISTERS RECOGNIZE THAT IMPLEMENTING A WAGE POLICY FORMULA WOULD PLACE A HEAVY STRAIN ON BRITAIN'S TRADE UNION LEADERSHIP, BUT STRESS THAT SOME WAY WILL HAVE TO BE FOUND TO PERSUADE THE TRADE UNIONS THAT THEIR ROLE IN LEADING THEIR MEMBERSHIP TO COOPERATION WITH THE GOVERNMENT'S ECONOMIC POLICIES IS ESSENTIAL FOR THE INTERESTS OF WORKERS AND THE NATION. IN THIS THEY HOPE TO BE ABLE TO POINT TO RISES IN REAL EARNINGS AS INFLATION DECLINES IN 1978 AS EVIDENCE THAT TRADE UNION/GOVERNMENT COOPERATION PAYS AND DRIVE HOME THE MESSAGE OF THE LIMITATIONS OF COLLECTIVE BARGAINING IN BRITAIN'S LABOR MARKET.

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